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Wanguo Gold Group Limited
萬國黃金集團有限公司

(formerly known as Wanguo International Mining Group Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3939)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

RESULTS HIGHLIGHT:

- Revenue increased by approximately 59.7% to approximately RMB927.9 million
- Gross profit increased by approximately 73.7% to approximately RMB483.9 million
- Gross profit margin was approximately 52.2%
- Net profit margin was approximately 35.7%
- Profit attributable to owners of the Company for the six months ended 30 June 2024 (or referred to as the “**reporting period**”) increased by approximately 72.9% to approximately RMB254.3 million
- Basic earnings per share was approximately RMB30.7 cents (six months ended 30 June 2023: RMB17.8 cents)
- The Board declared an interim dividend of HK\$12.00 cents (six months ended 30 June 2023: Nil)

Note: Compared to the six months ended 30 June 2023

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Wanguo International Mining Group Limited (the “**Company**”) is pleased to announce the following unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**” or “**We**”) for the six months ended 30 June 2024 together with comparative figures for the corresponding period in 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	927,856	581,186
Cost of sales		<u>(443,977)</u>	<u>(302,554)</u>
Gross profit		483,879	278,632
Other income		1,733	3,814
Other gains and losses		(4,807)	(2,104)
Distribution and selling expenses		(57,070)	(33,592)
Administrative expenses		(62,195)	(49,886)
Finance costs	4	<u>(5,999)</u>	<u>(7,331)</u>
Profit before tax		355,541	189,533
Income tax expense	5	<u>(24,299)</u>	<u>(10,099)</u>
Profit for the period	6	<u>331,242</u>	<u>179,434</u>
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of foreign operations		<u>(8,296)</u>	<u>14,725</u>
Total comprehensive income for the period		<u><u>322,946</u></u>	<u><u>194,159</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

For the six months ended 30 June 2024

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
Owners of the company		254,271	147,107
Non-controlling interests		76,971	32,327
		<u>331,242</u>	<u>179,434</u>
Total comprehensive income for the period attributable to:			
Owners of the company		246,819	159,272
Non-controlling interests		76,127	34,887
		<u>322,946</u>	<u>194,159</u>
Earnings per share			
Basic (<i>RMB cents</i>)	7	<u>30.7</u>	<u>17.8</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment		850,084	810,637
Right-of-use assets		55,004	56,195
Mining rights		237,958	251,338
Exploration and evaluation assets		230,086	224,748
Other intangible asset		312,165	312,165
Intangible assets		3,404	3,510
Financial assets at fair value through profit or loss		12,972	–
Deposit for purchase of property, plant and equipment		8,969	7,123
Deferred tax assets		4,019	3,984
Restricted bank balances		10,157	8,344
		<u>1,724,818</u>	<u>1,678,044</u>
Current assets			
Inventories		155,456	200,042
Trade and other receivables	9	414,701	287,411
Financial assets at fair value through profit or loss		152,583	–
Amount due from a related company		3	3
Amounts due from non-controlling shareholders		56,611	24,242
Bank balances and cash			
– cash and cash equivalents		201,705	171,612
– restricted bank balances		575	249
		<u>981,634</u>	<u>683,559</u>
Current liabilities			
Trade and other payables	10	131,362	159,592
Contract liabilities		8,088	40,232
Lease liabilities		864	808
Amounts due to related parties		5,364	5,304
Consideration payable to a former non-controlling shareholder of a subsidiary		57,936	57,936
Dividend payable		157,409	–
Tax payable		13,044	28,289
Bank borrowings		233,298	201,937
		<u>607,365</u>	<u>494,098</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*At 30 June 2024*

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Net current assets	<u>374,269</u>	<u>189,461</u>
Total assets less current liabilities	<u>2,099,087</u>	<u>1,867,505</u>
Non-current liabilities		
Lease liabilities	1,818	2,303
Deferred income	4,590	5,170
Deferred tax liabilities	87,156	90,506
Provisions for restoration costs	9,550	9,060
Bank borrowings	<u>78,400</u>	<u>–</u>
	<u>181,514</u>	<u>107,039</u>
Capital and reserves		
Share capital	67,881	67,881
Reserves	<u>1,431,373</u>	<u>1,337,734</u>
Equity attributable to owners of the Company	1,499,254	1,405,615
Non-controlling interests	<u>418,319</u>	<u>354,851</u>
Total equity	<u>1,917,573</u>	<u>1,760,466</u>
	<u>2,099,087</u>	<u>1,867,505</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values as appropriates.

Other than additional accounting policy resulting from application of an accounting policy which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Application of an accounting policy which became relevant to the Group in the current interim period

In the current interim period, the Group has applied the following accounting policy which became relevant to the Group.

Financial assets at fair value through profit or loss (“FVTPL”)

Financial assets that do not meet the criteria for being measured at amortised cost or at fair value through other comprehensive income (“FVTOCI”) or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

3. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance.

The Group mainly operates in the PRC and Solomon Islands, and all revenue is generated from, the PRC and Solomon Islands. The Group’s principal non-current assets are located in the PRC and Solomon Islands.

Disaggregation of revenue from contracts with customers

Revenue represents revenue arising on sales of processed concentrates of various metals. All of the revenue of the Group is recognised at a point in time. An analysis of the Group’s revenue from its major products for the reporting period is as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Sales of processed concentrates		
– Gold doré	292,287	203,888
– Gold concentrates	268,735	102,818
– Copper concentrates	177,106	108,768
– Zinc concentrates	46,441	46,441
– Iron concentrates	27,571	27,424
– Sulfur concentrates	26,257	18,434
– Gold in lead concentrates	24,202	27,916
– Gold in copper concentrates	21,922	12,346
– Silver in copper and zinc concentrates	12,048	8,118
– Silver in lead concentrates	11,755	13,117
– Sulfur and iron concentrates	11,067	4,598
– Lead concentrates	4,834	5,654
– Copper in lead concentrates	2,715	1,284
– Gold in zinc concentrates	916	–
– Zinc in lead concentrates	–	380
	<u>927,856</u>	<u>581,186</u>
By revenue source		
– Own mined products	850,686	537,538
– Sourced outside	77,170	43,648
	<u>927,856</u>	<u>581,186</u>

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Yifeng Project <i>RMB'000</i>	Solomon Project <i>RMB'000</i>	Total <i>RMB'000</i>
For the period ended 30 June 2024 (Unaudited)			
Segment revenue	<u>366,833</u>	<u>561,023</u>	<u>927,856</u>
Segment profit	<u>106,435</u>	<u>257,245</u>	<u>363,680</u>
Unallocated expense			(7,316)
Unallocated other income, other gains and losses			(610)
Unallocated finance cost			<u>(213)</u>
Profit before tax			<u><u>355,541</u></u>
For the period ended 30 June 2023 (Unaudited)			
Segment revenue	<u>274,480</u>	<u>306,706</u>	<u>581,186</u>
Segment profit	<u>78,422</u>	<u>115,541</u>	<u>193,963</u>
Unallocated expense			(4,275)
Unallocated other income, other gains and losses			(40)
Unallocated finance cost			<u>(115)</u>
Profit before tax			<u><u>189,533</u></u>

Note: There was no inter-segment revenue for the periods ended 30 June 2024 and 2023.

Segment profit represents the profit earned by each segment without allocation of certain administrative expenses, other gains and losses, finance costs and unallocated income and expenses. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

All the segment revenue reported above is from external customers.

Segment assets and liabilities were not presented as there are no material changes from the amounts disclosed in the annual consolidated financial statements for the year ended 31 December 2023.

Geographical information

The Group mainly operates in the PRC and Solomon Islands, and all revenue is generated from the PRC and Solomon Islands. The Group's principal non-current assets are located in the PRC and Solomon Islands. Information about its revenue and non-current assets by geographical locations of operations are detailed below:

	Revenue		Non-current assets*	
	Six months ended 30 June		As at 30 June	As at 31 December
	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
The PRC	366,833	274,480	977,224	995,088
Solomon Islands	561,023	306,706	707,154	661,473
Australia	–	–	6,922	2,509
Hong Kong	–	–	6,370	6,646
	927,856	581,186	1,697,670	1,665,716

* *Non-current assets excluded deferred tax assets, financial assets at fair value through profit or loss and restricted bank balance.*

4. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank borrowings	5,816	5,330
Interest on contract liabilities	–	1,920
Imputed interest expenses on lease liabilities	183	81
	5,999	7,331

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax charge:		
PRC Enterprise Income Tax (“EIT”)		
– Current period	14,151	10,312
– Under (over) provision in prior years	5,883	(3,686)
Withholding tax	7,650	4,360
	27,684	10,986
Deferred tax credit		
– Current period	(3,385)	(887)
	24,299	10,099

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit subject to Hong Kong Profits Tax during both periods.

No provision for Solomon Islands Profits Tax has been made as the Group has no taxable profit subject to Solomon Islands Profits Tax during both periods. According to a memorandum of understanding related to duties & taxes exemptions affecting GRML between government of Solomon Islands and GRML signed in July 2021, GRML is entitled to include all deductible expenses from the date of the Gold Ridge Mining Development Deed dated on 17 March 2017 and the resulting losses shall be carried forward.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiary was 25% during both periods.

Yifeng Wanguo, a subsidiary of the Company, is entitled to a preferential EIT rate of 15% from 2021 to 2023, as an enterprise that satisfied the conditions as high and new technology enterprises with the Certificate of High and New Technology Enterprises. Yifeng Wanguo is under the process of renewing the Certificate of High and New Technology Enterprises for the period of 2024 to 2026.

Starting from 2023, pursuant to the relevant rules and regulations, certain qualified research and development costs incurred by the Group during the period and endorsed by a local tax authority in the PRC is eligible for further deduction for PRC EIT up to 100% of the relevant costs incurred. In addition, the super deduction rate for the amortisation of intangible assets has been increased from 175% to 200% for all qualified enterprises.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiary from 1 January 2008 onwards. Deferred taxation has not been provided for in these condensed consolidated financial statements in respect of temporary differences attributable to certain retained profits of the PRC subsidiaries amounting to RMB584,025,000 (as at 31 December 2023: RMB650,550,000) as at 30 June 2024, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future. As at 30 June 2024, a deferred tax liability of RMB4,300,000 (as at 31 December 2023: RMB8,000,000) has been recognised in respect of undistributed profits of subsidiaries in the PRC amounting to RMB86,000,000 (as at 31 December 2023: RMB160,000,000).

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging the following items:		
Directors' emoluments	2,618	1,978
Other staff costs	29,663	27,381
Retirement benefit scheme contributions, excluding those of directors	1,637	1,312
	<hr/>	<hr/>
Total staff costs	33,918	30,671
	<hr/>	<hr/>
Depreciation of property, plant and equipment	35,307	31,455
Depreciation of right-of-use assets	1,148	1,250
Amortisation of mining rights	9,106	26,819
Amortisation of intangible assets	106	106
	<hr/>	<hr/>
Total depreciation and amortisation	45,667	59,630
	<hr/>	<hr/>
Capitalised in inventories	(32,214)	(19,816)
Capitalised in construction in progress	(608)	(385)
	<hr/>	<hr/>
	12,845	39,429
	<hr/>	<hr/>
Research and development costs (<i>note</i>)	10,671	11,058
Cost of inventories recognised as an expense	443,977	302,554
	<hr/> <hr/>	<hr/> <hr/>

Note: The amounts were recognised in the line of "Administrative expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.

7. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Earnings figures are calculated as follows:		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share (<i>in RMB'000</i>)	254,271	147,107
	<hr/> <hr/>	<hr/> <hr/>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>in thousand</i>)	828,000	828,000
	<hr/> <hr/>	<hr/> <hr/>

No diluted earnings per share are presented as there were no potential dilutive ordinary shares in issue during both periods.

8. DIVIDENDS

During the period, the Company recognised the following dividends as distribution:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Final dividend for the year ended 31 December 2023: RMB18.50 cents per share (2023: RMB10.00 cents per share for the year ended 31 December 2022)	153,180	82,800

Subsequent to the end of the interim period, the directors of the Company have determined that an interim dividend of HK\$12.00 cents (equivalent to RMB10.95 cents) per share (six months ended 30 June 2023: nil), being approximately RMB90.7 million in total with reference to the issued shares as at 30 June 2024, which will be payable in cash to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on 19 September 2024.

9. TRADE AND OTHER RECEIVABLES

		As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables from contracts with customers	(i)	194,799	69,370
Prepayments and other receivables			
– prepayments to major subcontractors	(ii)	135,116	112,316
– prepayments to other suppliers	(iii)	46,404	92,638
– other receivables		38,382	13,087
		219,902	218,041
Deposit for purchase of property, plant and equipment		8,969	7,123
Total trade and other receivables		423,670	294,534
Less: amount shown under non-current assets		(8,969)	(7,123)
Amounts shown under current assets		414,701	287,411

Notes:

(i) Trade receivables

No trade receivables are past due at the end of the reporting period. The Group does not hold any collateral over these balances.

The expected credit loss (“ECL”) for trade receivables as at 30 June 2024 and 31 December 2023 have been assessed collectively based on the trade debtors’ aging, grouped by debtor balances that are not yet past due and different aging brackets of numbers of days past due (if any). Based on the assessment of the management of the Group, allowance for credit losses from the trade receivables as at 30 June 2024 and 31 December 2023 is insignificant.

(ii) Prepayments to major subcontractors

The prepayments were the subcontracting fee to mining subcontractors by Yifeng Wanguo and GRML for mining of ores, which amounted to approximately RMB135,116,000 (as at 31 December 2023: RMB112,316,000) as at 30 June 2024.

(iii) Prepayments to other suppliers

Included in the balance is prepayment to suppliers of metal concentrates for trading which amounted to approximately RMB6,200,000 (as at 31 December 2023: RMB60,830,000) and prepayment to suppliers of raw materials which amounted to approximately RMB33,976,000 (as at 31 December 2023: RMB30,645,000) as at 30 June 2024.

For long-term customers with good credit quality and payment history, the Group allows credit periods of no more than 60 days for sales of certain products. For others, the Group generally requests for deposits in advance from customers.

The following is an aging analysis of trade receivables, presented based on the invoice dates.

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 30 days	194,799	64,549
31 to 60 days	–	1,021
61 to 90 days	–	2,039
Over 90 days	–	1,761
	<u>194,799</u>	<u>69,370</u>

10. TRADE AND OTHER PAYABLES

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Trade payables	(i)	<u>65,948</u>	<u>102,809</u>
Value-added tax, resource tax and other tax payables		17,867	13,664
Payables for property, plant and equipment		17,618	18,365
Accrued expenses and other payables			
– Accrued expenses		1,568	5,028
– Accrued staff cost		5,581	6,332
– Other payables		<u>22,780</u>	<u>13,394</u>
		<u>65,414</u>	<u>56,783</u>
Total trade and other payables		<u><u>131,362</u></u>	<u><u>159,592</u></u>

The following is analysis of trade payables by age, presented based on the delivery dates.

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Within 30 days	46,980	40,541
31-60 days	6,438	32,662
61-90 days	2,469	12,854
91-180 days	8,778	8,464
Over 180 days	<u>1,283</u>	<u>8,288</u>
	<u><u>65,948</u></u>	<u><u>102,809</u></u>

Note:

- (i) The average credit period on purchase of goods is 30 days upon delivery. No interest is charged on overdue trade payable.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Group is principally engaged in the business of mining, ore processing and sale of concentrates products in the PRC and Solomon Islands.

Currently, we, through our wholly-owned subsidiaries, own the entire equity interest in Jiangxi Province Yifeng Wanguo Mining Company Limited (“**Yifeng Wanguo**”) which in turn owns the Xinzhuang copper-lead-zinc mine, an operating mine located in Jiangxi Province, the PRC (“**Xinzhuang Mine**”) in which we conduct underground mining. The Xinzhuang Mine has a substantial volume of non-ferrous polymetallic mineral resources. Products of our Group primarily include copper concentrates, iron concentrates, zinc concentrates, sulfur concentrates, lead concentrates as well as by-products of gold and silver.

The Group has, on 13 July 2017, completed acquisition of 51% attributable interest of Xizang Changdu County Dadi Mining Company Limited (“**Xizang Changdu**”), which owns the lead-silver mine in Walege of Changdu Country, the PRC (“**Walege Mine**”) in which we may further exploit for open-pit and underground mining. The Walege Mine has a significant volume of mineral resources of lead and silver.

In addition, the Group has on 30 April 2020, completed acquisition of 77.78% interest of AXF Gold Ridge Pty Limited, which owns 90% interest of a gold ridge mine located in the Solomon Islands (“**Gold Ridge Mine**”) in which we may further exploit for open-pit and underground mining. The Gold Ridge Mine has a substantial volume of mineral resources of gold.

Operating performance

The following tables set forth the volume of respective products sold at the Xinzhuang Mine and Gold Ridge Mine during the six months ended 30 June 2024 compared to the corresponding period in 2023.

Type of products sold	Xinzhuang Mine		
	Six months ended 30 June		
	2024	2023	Changes
	Volume	Volume	(approximate %)
	(tonnes)	(tonnes)	
Copper in copper concentrates	1,829	1,338	36.7
Zinc in zinc concentrates	3,022	3,728	(18.9)
Iron concentrates	37,980	38,295	(0.8)
Sulfur concentrates	120,719	116,626	3.5
Lead in lead concentrates	606	734	(17.4)
Sulfur and iron concentrates	31,759	16,794	89.1
Gold in concentrates (kg)	90	95	(5.3)
Silver in concentrates (kg)	4,379	4,780	(8.4)
Copper in concentrates (kg)	191	139	37.4
Zinc in concentrates (kg)	–	286	(100)

Type of products sold	Gold Ridge Mine		
	Six months ended 30 June		
	2024	2023	Changes
	Volume	Volume	(approximate %)
Gold Doré (kg)	715	608	17.6
Gold Concentrates (tonnes)	<u>22,256</u>	<u>8,448</u>	<u>163.4</u>

The following table sets forth the volume of ores mined and processed at our Xinzhuang Mine and Gold Ridge Mine during the six months ended 30 June 2024 and 2023 respectively.

	Xinzhuang Mine			Gold Ridge Mine		
	Six months ended 30 June			Six months ended 30 June		
	2024	2023	Changes	2024	2023	Changes
	Volume	Volume	(approximate %)	Volume	Volume	(approximate %)
	(tonnes)	(tonnes)		(tonnes)	(tonnes)	
Volume of ores mined	<u>522,581</u>	<u>491,437</u>	<u>6.3</u>	<u>442,443</u>	<u>613,655</u>	<u>(27.9)</u>
Volume of ores processed	<u>524,522</u>	<u>481,598</u>	<u>8.9</u>	<u>1,137,256</u>	<u>721,269</u>	<u>57.7</u>

During the six months ended 30 June 2024, Xinzhuang Mine increased mining and processing of copper-iron ores in order to cope with the increase in copper price.

For the six months ended 30 June 2024, the mining activities in Gold Ridge Mine were interrupted by frequent rainfalls. Gold Ridge Mine continued to ramp up its processing capacity, resulted in increase in volume of ores processed during the six months ended 30 June 2024.

EXPANSION IN EXISTING MINES

Xinzhuang Mine

We had completed our expansion plan as disclosed in the prospectus of the Company dated 28 June 2012 in Xinzhuang Mine, reaching 600,000 tpa in both mining capacity and processing capacity. We are now in the progress of upgrading its capacity to 900,000 tpa.

During the six months ended 30 June 2024, the underground mining activities in Xinzhuang Mine suspended temporarily for a short period of time due to outbreak of a severe fire in Xin Yu (新余) and convening of National People's Congress and Chinese People's Political Consultative Congress, Xinzhuang Mine arranged proper maintenances and safety checks during these periods.

Walege Mine

During the first half of 2023, the Group arranged timely reporting and workload disclosure for exploration license maintenances and extension purpose. The Group arranged external consultant to carry out samples collection in respect of groundwater, air and soil at the mine site. The Group also communicated with local government, the community and the relevant Political and Legal Committee of the Mine located to promote the review of the report on the evaluation of the social stability.

Gold Ridge Mine

The Group, through our wholly-owned subsidiaries, own 70% of equity interest in the Gold Ridge Mine which has a substantial volume of gold mineral resources and commenced trial production last year.

Flotation production is close to reaching its design capacity and completing the trial production phase. Plant modification and upgrade continued to improve the metallurgy process. Installation of additional crushing, grinding and Knelson gravity circuits is ongoing and now expected to be operational by September 2024. Construction of the tailings dry stack facility is now complete, with the first phase completed and operational in 2023, and the second phase is being tested for trial production.

CHANGE OF COMPANY NAME

Following the passing of the special resolution in relation to the proposed change of the Company name by the shareholders at the extraordinary general meeting held on 6 August 2024 (“EGM”), the English name of the Company has been changed from “Wanguo International Mining Group Limited” to “Wanguo Gold Group Limited”, and the Chinese name of “萬國黃金集團有限公司” has also been adopted as the new dual foreign name of the Company.

Reason for change of Company Name

On 30 April 2020, the Group completed the acquisition of 77.78% interest of AXF Gold Ridge Pty Limited, which owns 90% interest of the Gold Ridge Mine. The Group developed the gold mine (Gold Ridge Mine) which has been in trial production since November 2022. Gold Ridge Mine produces gold doré and gold concentrate. Flotation concentrate production has been steadily ramping up during this trial production phase. Plant modification and upgrade continued to increase processing capacity and improve metallurgical recovery. Installation of additional crushing, grinding and Knelson gravity circuits is expected to complete by October 2024. Construction of the tailings dry stack facility is progressing well, with the first phase completed and operational in 2023, and the second phase expected to be completed in 2024.

For the year ended 31 December 2023 and the six months ended 30 June 2024, sale of gold doré and gold concentrate have already accounted for more than 50% of the Group’s revenue and gross profit. As the exploration programs continue to progress and production process continue to improve at the Gold Ridge Mine, the Group expects gold mining and processing will become the major revenue and profit contributor of the Group in the near future.

In light of the above, the Board considers the new Company name better reflects the strategy and future development of the Group. The Board believes that the proposed new name of the Company is more consistent with the Group's future business development, and can provide the Group with appropriate corporate identity and image.

The Company is now carrying out all necessary filing procedures in the Cayman Islands and Hong Kong as soon as practicable. The stock code of the Company on the Stock Exchange remains unchanged as "3939". The Company will make further announcement(s) in respect of, among others, the new stock short name of the Company under which the shares will be traded on the Stock Exchange in accordance with the Listing Rules as and when appropriate.

Please refer to the announcement of the Company dated 8 August 2024 for details.

ACQUISITION OF 20.22% IN AXF GOLD RIDGE LIMITED

On 9 August 2024, the Company entered into a sale and purchase agreement with Golden Crane Holdings Limited ("**Golden Crane**") and Prominence Investment Holding Limited ("**Prominence Investment**") (collectively referred as "**Vendors**"), pursuant to which, the Company has conditionally agreed to acquire and Golden Crane and Prominence Investment have conditionally agreed to sell 2022 shares of AXF Gold Ridge Limited (the "**Target Company**"), representing 20.22% share capital of the Target Company, at a consideration of approximately HK\$732.6 million, which will be settled by the allotment and issue of the 90,227,200 new shares by the Company to the Vendors at the price of HK\$8.12 per new share (the "**Acquisition**").

The Target Company is a company incorporated in Western Australia which holds 90% equity interest of Australian Solomons Gold Pty Ltd ("**ASG**"), a company incorporated in Queensland, Australia, and is engaged in investment holding. The Target Company is a subsidiary of the Company. ASG, incorporated in Queensland, Australia, is an investment holding company which through its subsidiary ASG Solomon Islands Ltd together with ASG owns a 100% attributable interest of Gold Ridge Mining Limited ("**GRML**"), a company incorporated in Solomon Islands. GRML owns the mining license and the exploration license in respect of Gold Ridge Project concerning the exploitation and operations of the gold mine located on the island of Guadalcanal, the central island of the Solomon Islands, approximately 30 km south-east of the capital city Honiara in Solomon Islands ("**Gold Ridge Project**").

As disclosed in the prospectus of the Company dated 28 June 2012, one of the growth strategies of the Group is to expand its mineral resources and ore reserves through acquisition of new mines. The Board believes that the Gold Ridge Project would continue to contribute sales revenue and profits to the Group. Unlike most other commodities, gold has been a stable performer in recent years, which is expected to enhance the stability of the Group's income in the future under impact of economy fluctuation. The Group developed the Gold Ridge Mine which has been in trial production since November 2022. Gold Ridge Mine produces gold doré and gold concentrates. Flotation concentrate production has been steadily ramping up towards its design capacity during this trial production phase. Plant modification and upgrade continued to improve the metallurgical recovery.

For the year ended 31 December 2023 and for the six months ended 30 June 2024, sale of gold doré and gold concentrates have already accounted for more than 50% of the Group's revenue and gross profit. As the exploration programs continue to progress and production process continue to improve at the Gold Ridge Mine, the Group expects gold mining and processing will become the major revenue and profit contributor of the Group in the near future. The Board is therefore of the view that the Acquisition aligns with the Group's development strategy.

As at the date of this announcement, the Group owns 70% attributable interest of GRML. Upon completion of the aforesaid acquisition, the Group will hold 98% share capital of the Target Company and results in increasing to approximately 88.2% attributable interest of GRML.

The Acquisition is subject to the approval by the independent shareholders of the Company in an extraordinary general meeting to be convened. Please refer to the announcement of the Company dated 9 August 2024 for details.

FINANCIAL REVIEW

	Concentrates		Six month ended 30 June			
	products, gold doré and gold concentrates (own mined) <i>RMB'000</i> (unaudited)	Trading of other concentrate (sourced outside) <i>RMB'000</i> (unaudited)	2024 Total <i>RMB'000</i> (unaudited)	Concentrates products, gold doré and gold concentrates (own mined) <i>RMB'000</i> (unaudited)	Trading of other concentrate (sourced outside) <i>RMB'000</i> (unaudited)	2023 Total <i>RMB'000</i> (unaudited)
Revenue	850,686	77,170	927,856	537,538	43,648	581,186
Cost of sales	(367,151)	(76,826)	(443,977)	(259,037)	(43,517)	(302,554)
Gross profit	483,535	344	483,879	278,501	131	278,632
Gross profit margin	56.8%	0.45%	52.2%	51.8%	0.30%	47.9%

Revenue, cost of sales, gross profit and gross profit margin

The Group's overall revenue reported an increase by approximately 59.7% from approximately RMB581.2 million for the six months ended 30 June 2023 to approximately RMB927.9 million for the six months ended 30 June 2024, which was primarily due to the increase in sales generated by Gold Ridge Mine. Our cost of sales increased by 46.7% from approximately RMB302.6 million for the six months ended 30 June 2023 to approximately RMB444.0 million for the six months ended 30 June 2024 which was mainly driven by the corresponding increase in sales from Gold Ridge Mine.

The overall gross profit of the Group increased by approximately 73.7% from approximately RMB278.6 million for the six months ended 30 June 2023 to approximately RMB483.9 million for the six months ended 30 June 2024. The overall gross profit margin increased from approximately 47.9% for the six months ended 30 June 2023 to approximately 52.2% for the six months ended 30 June 2024. Such increase was mainly resulted from the increase in gross profit margin of our Gold Ridge Mine.

(i) Concentrates products, gold doré and gold concentrates (own mined)

	Six month ended 30 June			Gold Ridge		
	Xinzhuang Mine Concentrates products RMB'000 (unaudited)	Gold Ridge Mine gold doré and gold concentrates RMB'000 (unaudited)	2024 Total RMB'000 (unaudited)	Xinzhuang Mine Concentrates products RMB'000 (unaudited)	Mine gold doré and gold concentrates RMB'000 (unaudited)	2023 Total RMB'000 (unaudited)
Revenue	289,663	561,023	850,686	230,832	306,706	537,538
Cost of sales	(147,470)	(219,681)	(367,151)	(124,593)	(134,444)	(259,037)
Gross profit	142,193	341,342	483,535	106,239	172,262	278,501
Gross profit margin	49.1%	60.8%	56.8%	46.0%	56.2%	51.8%

Xinzhuang Mine – concentrates products

Revenue from sales of concentrates products increased by approximately 25.5% from approximately RMB230.8 million for the six months ended 30 June 2023 to approximately RMB289.7 million for the six months ended 30 June 2024.

For the six months ended 30 June 2024, we sold 1,829 tonnes of copper in copper concentrates, 37,980 tonnes of iron concentrates and 3,022 tonnes of zinc in zinc concentrates, compared to 1,338 tonnes, 38,295 tonnes and 3,728 tonnes respectively for the six months ended 30 June 2023, representing an increases of approximately 36.7% for copper in copper concentrates which were principally attributable to the increase in the production of copper-iron ore, and decrease of approximately 0.8% and 18.9% for iron concentrates and zinc in zinc concentrates respectively due to the decrease volume of lead-zinc ores mined.

The average prices of copper in copper concentrates, iron concentrates and zinc in zinc concentrates for the six months ended 30 June 2024 were RMB62,123, RMB726 and RMB15,368 per tonne respectively, compared to RMB54,167, RMB716 and RMB12,457 per tonne respectively for the six months ended 30 June 2023, representing increases of approximately 14.7%, 1.4% and 23.4% respectively. The increase in the price of concentrates is due to rising demand resulting from economic recovery as well as shortage of supply under economic sanctions against Russia by the West.

The cost of sales of concentrates products increased by approximately 18.4% from approximately RMB124.6 million for the six months ended 30 June 2023 to approximately RMB147.5 million for the six months ended 30 June 2024, which was mainly driven by the increase in low-sulfur contained chemical products in compliance of the environmental protection requirements and expenditure in safety production.

The gross profit of concentrates products for the six months ended 30 June 2024 was approximately RMB142.2 million, which represented an increase of approximately 33.9% compared to approximately RMB106.2 million for the six months ended 30 June 2023. The gross profit margin increased from approximately 46.0% for the six months ended 30 June 2023 to approximately 49.1% for the six months ended 30 June 2024. Such increase was mainly attributable to the surge in the selling price of certain concentrates.

Gold Ridge Mine – gold doré and gold concentrates

Our Gold Ridge Mine exported gold doré from the heap leach operation starting from November 2022 and also exported gold concentrates from flotation operation starting from February 2023.

Revenue from sales of gold doré and gold concentrates increased by approximately 82.9% from approximately RMB306.7 million for the six months ended 30 June 2023 to approximately RMB561.0 million for the six months ended 30 June 2024. The increase was primarily due to the increase in gold price and volume of gold concentrates sold.

The cost of sales of gold doré and gold concentrates increased by approximately 63.5% from approximately RMB134.4 million for the six months ended 30 June 2023 to approximately RMB219.7 million for the six months ended 30 June 2024, which was increase in line with the increase in sales.

The gross profit of gold doré and gold concentrates for the six months ended 30 June 2024 was approximately RMB341.3 million, which represented an increase of approximately 98.1% compared to approximately RMB172.3 million for the six months ended 30 June 2023. The gross profit margin increased from approximately 56.2% for the six months ended 30 June 2023 to approximately 60.8% for the six months ended 30 June 2024. Such increase was mainly attributable to the increase in gold price and low cost achieved under increase in scale of production.

(ii) Trading of other concentrates (sourced outside)

Revenue from trading of other concentrates increased by approximately 77.1% from approximately RMB43.6 million for the six months ended 30 June 2023 to approximately RMB77.2 million during the six months ended 30 June 2024.

The corresponding cost of sales of other concentrates increased by approximately 76.6% from approximately RMB43.5 million during the six months ended 30 June 2023 to approximately RMB76.8 million during the six months ended 30 June 2024.

The gross profit of trading of other concentrates increased by approximately 163.4% from approximately RMB131,000 during the six months ended 30 June 2023 to approximately RMB345,000 during the six months ended 30 June 2024. The gross profit margin increased from approximately 0.30% for the six months ended 30 June 2023 to approximately 0.45% for the six months ended 30 June 2024.

Other income

Our other income comprised mainly bank interest income of approximately RMB0.9 million, incentives received from a local governmental authority of approximately RMB0.2 million and government grant and subsidy to Yifeng Wanguo in relation to the mining technology improvement of approximately RMB0.6 million for the six months ended 30 June 2024. Other income decreased by approximately RMB2.1 million compared with the corresponding period in 2023, which was attributable to the decrease in bank interest income.

Other gains and losses

Our other gains and losses increased by approximately RMB2.7 million from losses of approximately RMB2.1 million to losses of approximately RMB4.8 million, which comprised mainly unrealised exchange loss of approximately RMB3.8 million for the six months ended 30 June 2024 as a result of the translation of US dollars into Solomon Islands dollars as well as Australian dollars and Hong Kong dollars into Renminbi, whereas for the six months ended 30 June 2023, unrealised exchange loss of approximately RMB1.9 million was incurred as a result of the translation of Australian dollars and Hong Kong dollars into Renminbi.

Distribution and selling expenses

Our distribution and selling expenses increased by approximately 69.9% from approximately RMB33.6 million for the six months ended 30 June 2023 to approximately RMB57.1 million for the six months ended 30 June 2024. The increase was mainly attributable to the increase in the railway and transportation fees, treatment and refinery charges, export duty and royalties as result of the increase in the sales volume of gold concentrates and gold doré in our Gold Ridge Mine.

Administrative expenses

Our administrative expenses increased by approximately 24.6% from approximately RMB49.9 million for the six months ended 30 June 2023 to approximately RMB62.2 million for the six months ended 30 June 2024. The increase was principally attributable to the increase in staff costs, community service and diesel oil fees incurred by Gold Ridge Mine and property insurance incurred by GRML to secure our operation in Gold Ridge Mine.

Finance costs

Our finance costs decreased by approximately 17.8% from approximately RMB7.3 million for the six months ended 30 June 2023 to approximately RMB6.0 million for the six months ended 30 June 2024, primarily due to the decrease in interest on contract liabilities from approximately RMB1.9 million for the six months ended 30 June 2023 to Nil for the six months ended 30 June 2024.

Income tax expense

Our income tax expense was approximately RMB24.3 million for the six months ended 30 June 2024, consisting of PRC corporate income tax payable of approximately RMB14.2 million, withholding tax payable of approximately RMB7.6 million, underprovision in respect of prior year of RMB5.9 million and deferred tax credit of approximately RMB3.4 million. Our income tax expense was approximately RMB10.1 million for the six months ended 30 June 2023, consisting of PRC corporate income tax payable of approximately RMB10.3 million, withholding tax payable of approximately RMB4.4 million, overprovision in respect of prior year of RMB3.7 million and deferred tax credit of approximately RMB0.9 million.

The increase in our income tax expense for the six months ended 30 June 2024 was primarily due to the increase in the PRC corporate income tax expense and the underprovision of income tax in prior year due to adjustments in tax deduction in the prior year.

Profit for the period

As a result of the foregoing, our profit after taxation increased by approximately 84.6% or approximately RMB151.8 million, from approximately RMB179.4 million for the six months ended 30 June 2023 to approximately RMB331.2 million for the six months ended 30 June 2024. The increase was mainly attributable to the increase in sale of gold doré and gold concentrates and their profits contribution from Gold Ridge Mine.

Our net profit margin increased from approximately 30.9% for the six months ended 30 June 2023 to approximately 35.7% for the six months ended 30 June 2024. Such increase was mainly due to rise in revenue and profit generated from sales of gold doré and gold concentrates with high profit margin.

Profit attributable to owners of our Company

The profit attributable to the owners of our Company increased by approximately 72.9% or approximately RMB107.2 million, from approximately RMB147.1 million for the six months ended 30 June 2023 to approximately RMB254.3 million for the six months ended 30 June 2024.

Liquidity and financial resources

During the six months ended 30 June 2024, the Group's net cash generated from operating activities was approximately RMB209.9 million (net cash generated from operating activities for the six months ended 30 June 2023: approximately RMB166.3 million) and the Group's bank balances and cash was approximately RMB201.7 million as at 30 June 2024 (as at 31 December 2023: approximately RMB176.1 million). Such increase in bank balances and cash was mainly attributable to the increase in cash generated from operation from Gold Ridge Mine and new bank borrowing.

Included in bank balances and cash, approximately RMB55.1 million (as at 31 December 2023: approximately RMB24.1 million) was denominated in Hong Kong dollars, Australian dollars, Solomon Islands dollars and US dollars.

Borrowings

As at 30 June 2024, the Group had secured bank borrowings of approximately RMB111.7 million and unsecured bank borrowings of approximately RMB200.0 million in aggregate with maturity from one year to four years and effective interest rate of approximately 4.72%.

Gearing ratio

The Group had a gearing ratio of approximately 13.7% (representing total bank borrowings and payables to former non-controlling shareholder of a subsidiary divided by total assets) as at 30 June 2024. The gearing ratio was approximately 11.0% as at 31 December 2023. The increase in gearing ratio was mainly attributable to the increase in bank borrowing of approximately RMB109.8 million.

Capital expenditure

Capital expenditure mainly included purchase of mining and processing equipment, construction of mining structures at the Gold Ridge Mine as well as payment for exploration and evaluation assets. For the six months ended 30 June 2024, capital expenditure of approximately RMB64.0 million has been incurred (for the six months ended 30 June 2023: approximately RMB48.2 million).

Contractual obligations and capital commitment

As at 30 June 2024, the Group's capital commitment amounted to approximately RMB335.6 million, representing an increase of approximately RMB321.5 million as compared to approximately RMB14.1 million as at 31 December 2023, which was primarily due to the construction of a secondary hydropower station at the Gold Ridge Mine.

Contingent liabilities

As at 30 June 2024, the Group did not have any material contingent liabilities or guarantees.

Significant investments, acquisitions and disposals of subsidiaries, associates and joint ventures

Save as disclosed in this announcement, the Group had no significant investments, or material acquisition and disposal of subsidiaries, associated and joint ventures during the six months ended 30 June 2024.

Future plan for material investments and capital assets

Save as disclosed in this announcement, the Group does not have any plan authorised by the board of Directors (the “**Board**”) for material investments or additions of capital assets as at the date of this announcement.

Charge on group assets

As at 30 June 2024, the Group’s mining right, right-of-use assets and buildings with carrying value of approximately RMB58.0 million (as at 31 December 2023: approximately RMB60.2 million) were pledged to secure the Group’s bank borrowings and facilities.

Exposure to fluctuations in exchange rates

The Group’s businesses are located primarily in the PRC and Solomon Islands and most of the transactions are conducted in Renminbi, US dollars and Australian dollars. Except for certain Group’s bank balances and cash, other receivables and other payables denominated in Hong Kong dollars, Australian dollars, Solomon Islands dollars and US dollars, the majority of the Group’s assets and liabilities are denominated in Renminbi.

As Renminbi fluctuated against Hong Kong dollars and Australian dollars in a limited extent during the reporting period, the Group had no material adverse exposure to foreign exchange fluctuations during the six months ended 30 June 2024. We have not used any foreign currency hedge arrangement or other derivatives to hedge against exchange rates risk.

Interest rate risk

Our bank borrowings are denominated in Renminbi and Hong Kong dollars borrowed from domestic commercial banks at interest rates that are determined by reference to the benchmark interest rates set by the People's Bank of China (“**PBoC**”) and Hong Kong Interbank Offered Rate (“**HIBOR**”) respectively. Interest rates on our bank loans are subject to adjustments by our lenders in accordance with changes in the PBoC benchmark rates and HIBOR. We are exposed to interest rate risk resulting from changes in interest rates on our short-term and long-term bank borrowings. Increases in benchmark interest rates will increase the interest rates on our bank loans. Increases in interest rates will increase our expense on outstanding borrowings and the cost of new borrowings, and therefore could have a material adverse effect on our financial results. We have not used any interest rate swaps or other derivatives to hedge against interest rate risk.

INTERIM DIVIDEND

The Board declared an interim dividend of HK\$12.00 cents (equivalent to RMB10.95 cents) per share for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil), representing approximately 35.6% of the profit attributable to owners of the Company, payable to the Shareholders whose names appear on the register of member of the Company on 19 September 2024. Based on the number of issued shares of the Company as at 30 June 2024, this represents a total distribution of approximately RMB90.7 million. It is expected that the proposed interim dividend will be paid on or before 31 October 2024. The dividend has not been included as a liability in the condensed consolidated financial statements.

CLOSURE OF REGISTER OF MEMBERS

The interim dividend is payable to the Shareholders whose names appear on the register of members of the Company at close of business on Thursday, 19 September 2024. For determination of entitlement to the interim dividend, the register of members of the Company will be closed from Monday, 16 September 2024 to Thursday, 19 September 2024, both days inclusive. In order to qualify for the proposed interim dividend, all share certificates will completed transfer forms, either overleaf or separately, must be lodged with the Company's Hong Kong share register, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 13 September 2024.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group employed approximately 957 employees, excluding the independent third-party contractor which is responsible for underground mining work in Xinzhuang Mine and mining and drilling works at Gold Ridge Mine. Remuneration is determined and reviewed based on fair principles with reference to market conditions and individual performances.

The Group also provides other benefits to its employees include social insurance together with housing provident funds for our PRC employees, contributions to statutory mandatory provident funds for our Hong Kong employees, superannuation for our Australia employees and national provident funds for our Solomon Islands employees.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

Xinzhuang Mine

Mineral exploration

During the six months ended 30 June 2024, the exploration activities in the Xinzhuang Mine were within 4-29 exploration line. We have completed underground geological drilling of 14,771 m, with drill size of 60-108 mm for the six months ended 30 June 2024. We have also finished tunnel drilling of 378 m and completed adit mapping of 900 m. For the six months ended 30 June 2024, approximately RMB1.6 million was incurred for the mineral exploration.

Development

During the six months ended 30 June 2024, the Group incurred development expenditure of approximately RMB11.0 million. Detailed breakdown of development expenditure is as follows:

	<i>RMB'</i> <i>(million)</i>
Mining structures	3.2
Buildings	4.0
Machinery and electronic equipment for processing plants	3.2
Motor vehicles	0.6
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	11.0
	<hr/> <hr/>

Mining activities

During the six months ended 30 June 2024, we processed a total of 524,522 tonnes of ore in the Xinzhuang Mine. The following table shows the volume of our concentrates products sold during the six months ended 30 June 2024.

Type of concentrates sold	Six months ended 30 June	
	2024	2023
	Volume	Volume
Copper in copper concentrates	1,829 tonnes	1,338 tonnes
Iron concentrates	37,980 tonnes	38,295 tonnes
Zinc in zinc concentrates	3,022 tonnes	3,728 tonnes
Sulfur concentrates	120,719 tonnes	116,626 tonnes
Lead in lead concentrates	606 tonnes	734 tonnes
Sulfur and iron concentrates	31,759 tonnes	16,794 tonnes
Gold in copper concentrates	26 kg	22 kg
Silver in copper concentrates	1,931 kg	1,473 kg
Gold in zinc concentrates	9 kg	–
Silver in zinc concentrates	21 kg	84 kg
Gold in lead concentrates	55 kg	73 kg
Sliver in lead concentrates	2,427 kg	3,223 kg
Copper in lead concentrates	191 kg	139 kg
Zinc in lead concentrates	–	286 kg

During the six months ended 30 June 2024, Xinzhuang Mine incurred expenditures for mining and processing activities of approximately RMB73.9 million (30 June 2023: approximately RMB72.1 million) and approximately RMB55.2 million (30 June 2023: approximately RMB46.0 million) respectively. The unit expenditures for mining and processing activities were approximately RMB141.0/t (30 June 2023: approximately RMB149.6/t) and approximately RMB105.3/t (30 June 2023: approximately RMB95.5/t) respectively. The increase in unit expenditure for processing activities was mainly attributable to the increase in the usage of various types of chemical products to increase the recovery rate of our concentrates.

Walege Mine

We own 51% attributable interest of Xizang Changdu which in turn owns the Walege Mine in which we may further exploit for open-pit and underground mining. The Walege Mine has a significant volume of mineral resources of lead and silver. The Group is in the progress of converting its exploration license to mining license.

Mineral exploration

No exploration was conducted during the six months ended 30 June 2024. During the six months ended 30 June 2024, the main activities were license maintenance as well as application or conversion of exploration license to mining license.

Development

During the six months ended 30 June 2024, Walege Mine incurred development expenditure of approximately RMB0.9 million mainly in respect of maintenance of exploration license and review of environmental impacts and social stability.

Mining activities

Since the Walege Mine is still in development stage, no mining activities occurred for the six months ended 30 June 2024.

Gold Ridge Mine

Mineral exploration

In order to upgrade and increase mineral resources within our Mining Lease area as well as to undertake metallurgical recovery optimization test works, the Gold Ridge Mine continued with the drilling program at the Charivunga deposit (CVG) launched in 2019. As at 30 June 2024, 71 diamond drill holes (“**DDH**”) (totally 25,878.32 meters) were completed in CVG, of which 10,604.91 meters were completed in 2023. This concludes the first stage of geological exploration in the CVG area and its surroundings. We expect to publish the final resource and reserve estimate updates in second half of 2024.

Since April 2024, resource upgrade and confirmation works have been carried out at the Dawsons deposit (DAW). As at 30 June 2024, a total of 10 exploration holes were drilled in DAW (totaling 1,765.83 meters).

For the first half of 2024, expenditure of mineral exploration was approximately RMB16.5 million. The expenditure includes direct drilling cost, energy cost and assay cost.

Development

For the first half of 2024, the Gold Ridge Mine incurred development expenditure of RMB56.8 million mainly in respect of the construction of the tailings dry stacking facility, gold room refurbishment and flotation plant upgrade and self-use hydropower plant.

Detailed breakdown of development expenditure is as follows:

	<i>RMB'</i> <i>(million)</i>
Mining structures	43.9
Machinery and electronic equipment for processing plants	3.7
Motor vehicles	9.2
	<hr/>
	56.8

Mining activities

In the first half of 2024, the flotation plant processed a total of approximately 1,137,256 tonnes of ore and produced approximately 26,388 dry metric tonnes of gold concentrates (with an average grade around 25g/t).

Knelson gravity circuit and heap leach plant produced approximately 746 kg of gold doré (averaging 80% gold and 18.42% silver), which were sold to the second largest gold refinery by market share in Australia.

The following table sets forth the volume of respective products sold from the Gold Ridge Mine during the six months ended 30 June 2024:

	Six months ended 30 June	
	2024	2023
	Volume	Volume
Type of products sold		
Gold Doré (<i>kg</i>)	715	608
Gold Concentrates (<i>tonnes</i>)	22,256	8,448

The following table sets forth the volume of ores mined and processed at the Gold Ridge Mine during the six months ended 30 June 2024:

	Six months ended 30 June	
	2024	2023
	Volume	Volume
	(tonnes)	(tonnes)
Volume of ore mined	442,443	613,655
Volume of ore processed	1,137,256	721,269

Decrease in volume of ore mined was attributable to frequent rainfalls during the first half of 2024. The Group made use of stockpiles in the previous year for our processing while the Group continued to ramp up the processing capacity during the period.

For the first half of 2024, Gold Ridge Mine incurred expenditures for mining and processing activities of approximately RMB52.9 million (or AUD11.2 million) and RMB122.0 million (or AUD25.9 million) respectively. The unit of expenditures for mining and processing activities were approximately RMB119.5/t (or AUD25.4/t) and RMB107.3/t (or AUD22.8/t) respectively.

PROSPECT

We intend to continue to grow our business into a leading non-ferrous mining company in the PRC and South Pacific region through the following major strategies.

Growing production at our mine and outsourcing our mining works

The scale of our production operation in the Xinzhuang Mine has increased to our targeted mining capacity and processing capacity of 600,000 tpa by end of 2014 and is now on the final stage of upgrading the mining capacity to 900,000 tpa. We planned to further upgrade the mining capacity to 1,000,000 tpa in coming years. To minimise costs, we will continue to outsource our underground mining works to third-party contractors.

Horizontal expansion through future acquisitions of new mines

We intend to further expand our mineral resources and ore reserves through the acquisitions of new mines. We will consider and balance assessment criteria carefully in respect of our acquisition targets, in order to pursue acquisitions prudently with a view to further growing our business and maximising returns to the Shareholders.

OUTLOOK

Gold is expected to set new record highs in 2024. Analysts from Metal Focus predict an average price of USD2,250 per ounce, driven by factors such as central bank buying and geopolitical tensions. The anticipated easing of U.S. monetary policy and potential interest rate cuts are also likely to boost gold prices. With inflationary pressures abating and global economic activity slowing, gold remains a safe-haven asset, although its outperformance relative to other precious metals might moderate towards the end of the year.

According to media reports on 29 June 2024, industry participants and analysts generally believe that copper is regarded as the base metal with the most bullish potential in the second half of the year, due to the continued tight supply of raw materials, the gradual improvement of demand in China.

Optimism about copper remains strong in the market, although three-month copper futures on the London Metal Exchange (LME) have retreated after hitting a record high of USD11,104.5 per tonne on 20 May 2024. Shang You, co-head of Pan-Asian Metals and Mining at Citi Research, said that despite the recent cooling in market sentiment, the structural long consensus still exists. He predicted copper prices will reach around USD9,500 a tonne by the third quarter and possibly USD12,000 by the end of the year to around the first quarter of next year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance and has complied with all material code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the six months ended 30 June 2023, except for the deviation from code provision C.2.1 of the CG Code in respect of segregation of the roles of chairman and chief executive officer as mentioned below.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Gao Mingqing, in addition to his duties as the chairman of the Company, is also responsible for the strategic planning and overseeing all aspects of the Group’s operations as the chief executive officer of the Company. This constitutes a deviation from code provision C.2.1 of the CG Code. Mr. Gao Mingqing as one of the founders of the Group has extensive experience and knowledge in the core business of the Group and his duties for overseeing the Group’s operations is clearly beneficial to the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the “**Code of Conduct**”) regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Listing Rules. Having made specific enquiries with all Directors, all Directors have confirmed that they had complied with the Model Code and the required standard set out in the Code of Conduct during the six months ended 30 June 2024.

The Company has also established written guidelines on terms no less exacting than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by relevant employees who are likely to possess inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company for the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including treasury shares) during the six months ended 30 June 2024.

REVIEW OF ACCOUNTS BY THE AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming and Mr. Wang Xin. The purpose of the establishment of the Audit Committee is for reviewing and supervising the financial reporting process, and risk management and internal control of the Group. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2024 and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof under the requirements of the Listing Rules.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company’s website at www.wgmine.com. The 2024 interim report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

By Order of the Board
Wanguo Gold Group Limited
Gao Mingqing
Chairman

Hong Kong, 20 August 2024

As at the date of this announcement, the Board comprises Mr. Gao Mingqing (Chairman), Mr. Li Feilong, Mr. Liu Zhichun, Mr. Wang Renxiang and Ms. Wang Nan as executive directors; and Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming and Mr. Wang Xin as independent non-executive directors.